



Michael R. Pence, Governor
State of Indiana

Division of Family Resources
402 W. WASHINGTON STREET, ROOM W392
INDIANAPOLIS, IN 46204-2747

MEMORANDUM

TO: Field Staff
FROM: OV&V
RE: 5% Federal Poverty Level (FPL) Disregard
DATE: May 16, 2016

The Affordable Care Act (ACA) requires financial eligibility for Medicaid categories to be determined using the Modified Adjusted Gross Income (MAGI) methodology. The 5% Federal Poverty Line (FPL) disregard is automatically applied by ICES when an individual in a MAGI Medicaid category is within 5% of the income standard for that category. Income standards range from 100% to 400% of the FPL depending on the MAGI Category.

For example, the income standard for MA RP is 133% of the FPL. If the individual's income is between 133% and 138% of the FPL, the disregard is applied. ICES calculates 5% of the income standard and deducts that amount from the countable MAGI income. Below are examples of when ICES does or does not apply the disregard.

- **Scenario 1** – The Assistance Group's income is above the income standard and would still be over that standard even if the 5% disregard were applied. **ICES does NOT apply the 5% Disregard.**

	AEMWS HEALTH CARE APP INCOME	WORK NBR HH INC
NEWLY ELIGIBLE : Y		
COUNTABLE MAGI HOUSEHOLD INCOME:	2791.10	1608.60
5% FPL DISREGARD:-	.00	.00
COUNTABLE INCOME AFTER DISREGARD:=	2791.10	1608.60
MAGI HOUSEHOLD SIZE:	3	3
INCOME STANDARD:	2234.00	2234.00

ASSISTANCE GROUP HAS FAILED

- **Scenario 2** – The Assistance Group is over the income standard and would therefore be ineligible. However, the income is within 5% of the income standard. **ICES APPLIES the 5% Disregard** and the client is eligible.

	AEMWS HEALTH CARE APP INCOME	WORK NBR HH INC
NEWLY ELIGIBLE : Y		
COUNTABLE MAGI HOUSEHOLD INCOME:	1366.19	.00
5% FPL DISREGARD:-	65.85	65.85
COUNTABLE INCOME AFTER DISREGARD:=	1300.34	.00
MAGI HOUSEHOLD SIZE:	1	1
INCOME STANDARD:	1317.00	1317.00

ASSISTANCE GROUP HAS PASSED



	AEMWS HEALTH CARE APP INCOME	WORK NBR HH INC
NEWLY ELIGIBLE : Y		
COUNTABLE MAGI HOUSEHOLD INCOME:	1366.19	.00
5% FPL DISREGARD:-	65.85	65.85
COUNTABLE INCOME AFTER DISREGARD:=	1300.34	.00
MAGI HOUSEHOLD SIZE:	1	1
INCOME STANDARD:	1317.00	1317.00

ASSISTANCE GROUP HAS PASSED

Note: 5% is not deducted from any amount below the 133% FPL.

Income and Resource Chart is located in OPS - 4.47 Income Resource Chart
<http://ops.fssa.in.gov>